

**Testimony of Congressman Christopher Shays
on Community Development Block Grant (CDBG) Budget Cuts
Subcommittee on Housing and Community Opportunity**

March 14, 2002

Chairwoman Roukema, Ranking Member Frank, and members of the Subcommittee, thank you for allowing me to come before your panel to discuss the Administration's proposal to reallocate the distribution of Community Development Block Grant (CDBG) formula funds.

I am here to ask that you evaluate CDBG based on how communities spend their funds and to encourage you to reconsider the Administration's proposal to cut 50 percent of CDBG funds from the top one percent of eligible communities.

CDBG is the largest source of federal community development assistance to state and local governments. It is one of the most flexible, most successful programs the federal government administers.

The Administration's budget proposal includes a recommendation that would reduce the size of CDBG grants for communities with per capita income two times the national average. The effect of such a proposal is to discourage diversity and force lower-income people out of communities they have called home for many years.

As a Congress, we are committed to helping those in need and those who are not in a position to help themselves. The message this proposal sends is that we are committed to helping those in need, just as long as they remain centralized in the poorest regions of our country.

CDBG funds provided to many of these communities benefit the entire region. For instance, funding provided to Greenwich, Connecticut has been used to support

joint regional projects such as a Homeless Shelter, a Food Bank, a Drug Liberation Program, and two Youth Homes. Communities in our district work hand-in-hand to fund the projects that benefit low- to medium-income families throughout the region.

One of the best examples of such a program is Kids in Crisis, which was jointly funded by Stamford and Greenwich from 1995 to 2001. This program provides counseling and two group homes for abused and neglected children in a campus-like setting. The program was so successful it received a HUD Best Practice Award in 1999 as part of the 25th anniversary of CDBG. It seems to me programs that achieve national recognition and awards deserve our continued support -- not the budget ax.

The Administration's proposal also ignores the fact that providing services in areas with a high cost-of-living is significantly more expensive. As a result, an improvement project in one of the targeted communities may cost three to four times more than in other areas of the country. CDBG funds are a necessary boost in providing valuable services where the cost would otherwise be prohibitive.

This Congress faces some tough budget choices, but the Administration's proposal sets up a false choice. Encouraging economic development in the nation's poorer areas, such as the Colonias along the U.S. border with Mexico, is an important issue and one I fully support. But this is not a case of taking from the wealthy and giving to the poor. This is a case of taking from the poor and giving to the poor.

Maybe it's time to evaluate programs based on merit -- based on their effectiveness in benefiting the poorest 10 percent of the community. Maybe it's time to reward those communities that spend funds in accordance with the letter of the law.

Thank you again for this opportunity to testify. I would be happy to answer any questions the committee may have.